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## **March 2009 Monthly Report for MTC**

**To:** Steve Heminger, Executive Director  
MTC

**From:** Tom Bulger, President  
Jason Pavluchuk, Associate  
GRI

**Re:** Monthly Report for March 2009

**Date:** March 31, 2009

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## **1. Commission’s Annual Washington, D.C. Advocacy Program**

MTC Commissioners and staff were in Washington, D.C. from March 8<sup>th</sup> through March 11<sup>th</sup> for their annual advocacy program. This year’s federal advocacy program centered on the upcoming transportation authorization and climate change debates. During the week, we set up meetings with the entire San Francisco Bay Area Congressional Delegation, members of the Senate and House Transportation Authorizing Committees, and senior staff to the Senate and House Tax Committees. In addition, we set up forums for all Bay Area representatives with the Senate and House Transportation Authorizing Committees’ senior staff, a forum on the Senate Environment & Public Works Committee’s legislative plans for “climate change,” and the Annual California Transportation Congressional Reception with members of Congress. This year’s special guest was Secretary of Transportation Ray LaHood.

On March 9<sup>th</sup>, we held a legislative briefing for the MTC Commissioners and distributed meeting agendas. Meetings with the Bay Area’s Congressional Delegation included:

- Senator Feinstein’s senior staff;
- Senator Boxer at her California meeting;
- Speaker Pelosi’s senior staff;
- Congressman Thompson;
- Congresswoman Woolsey;
- Congressman Miller’s senior staff;
- Congresswoman Lee;
- Congresswoman Tauscher;
- Congressman McNerney;
- Congresswoman Speier;
- Congressman Stark’s senior staff;
- Congresswoman Eshoo;
- Congressman Honda; and
- Congresswoman Lofgren.

Authorization Committee Meetings included:

- Senator Chris Dodd (D-CT) – Chairman Senate Banking, Housing and Urban Affairs Committee re: Transit Authorization;
- Senator Tom Carper’s (D-DE) senior staff;
- Congressman Jim Oberstar (D-MN) – Chairman House Transportation & Infrastructure Committee;
- Congressman Earl Blumenauer (D-OR) – House Ways and Means Committee; and
- Congressman John Mica (R-FL) – House Transportation & Infrastructure Ranking Member.

On March 10<sup>th</sup>, we hosted the Annual California Transportation Reception in the House Transportation Committee Room. Congressmembers Tauscher, Lofgren, Napolitano, and Richardson gave the Congressional welcome. Congressman Peter DeFazio (D-OR), House Transportation & Infrastructure Highway & Transit Subcommittee Chairman, spoke. MTC past Chairman Bill Dodd introduced U.S. Department of Transportation Secretary, Ray LaHood; who gave a short speech about the President’s economic recovery plan.

## **2. Stimulus Money Begins to Flow**

In March, federal agencies began to unveil timelines and competitive grant announcements related to the American Recovery and Reinvestment Act of 2009 (ARRA) stimulus legislation passed in February. We detailed information regarding the Federal Highway money in February, and below is a brief timeline as it relates to transit money. The timeline was prepared by FTA staff.

<b>Major Milestones/Deadlines for ARRA Formula Grants*</b>	
February 17, 2009	ARRA (Pub. L. 111-5) signed into law by President Obama
March 5, 2009	Apportionment and Allocation of formula funds published in the Federal Register
July 1, 2009	Deadline for getting TEAM grant number to ensure obligation within 180 days of March 5, 2009 Apportionment
July 1, 2009	Deadline for submitting first round grants to DOL for review
Sept. 1, 2009	180 days from March 5, 2009, apportionment, triggering reallocation requirement
Sept. 16, 2009	Apportionment Notice of reallocation of formula funds published in the Federal Register
Dec 30, 2009**	Deadline for getting TEAM grant number for reallocated funds, to ensure obligation within 365 days of March 5, 2009 apportionment
Dec 30, 2009 **	Deadline for submitting grants using reallocated funds to DOL for review
March 5, 2010	365 days from March 5, 2009, apportionment, triggering second reallocation of unobligated funds
March 31, 2010	FTA reallocates funds to UZAs and States that have not had funds withdrawn
Sept. 30, 2010	Unobligated balances to the Treasury

\* Schedules for Tribal Transit and Energy Savings grants are separate from this schedule.

\*\* Taking into account Holidays and DOL 60-day time frame.

Additionally, several Federal agencies announced competitive grant program announcements that may interest MTC, below is a brief summary of those programs along with links:

### ***FTA TIGGER Program***

Federal Transit Administration has announced initial guidelines for the Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) program.

This new discretionary grant program, included in the ARRA, will fund public transportation projects that reduce a transit system's greenhouse gas emissions or result in a decrease in a transit system's energy use. Because of time limitations in ARRA funding, FTA is announcing the availability of the new grant program, application requirements, and deadlines for submitting grant

proposals for funding; however, because this is a new grant program, FTA is also accepting comments on the program's provisions and may alter some of the requirements in response to comments.

Comments must be received by April 7, 2009. Complete proposals for the TIGGER Grant Program must be submitted by May 22, 2009.

The complete announcement, guidelines and application procedures can be found at the following link: <http://edocket.access.gpo.gov/2009/pdf/E9-6420.pdf>.

### ***EPA Clean Diesel Programs***

The Environmental Protection Agency (EPA) recently announced Requests for Applications (RFAs) for the \$300 million in funding from the ARRA through the Diesel Emission Reduction Act (DERA).

This funding will be available through four separate funding assistance programs:

1. **National** Clean Diesel Funding Assistance Program (\$156 million)
2. **SmartWay** Clean Diesel Finance Program (\$30 million)
3. National **Emerging Technology** Program (\$20 million)
4. **State Clean Diesel** Grant Program (\$88 million) – formula driven

The National Clean Diesel Funding Assistance and the SmartWay Clean Diesel Finance RFAs will be open for 40 days and will close on **April 28, 2009**.

The National Emerging Technology RFA will be open for 47 days and will close on **May 5, 2009**.

State Clean Diesel Grants will be awarded by EPA Regions by **April 17, 2009**.

The \$156 million in competitive grants slated for distribution through the National Clean Diesel Funding Assistance Program can be used in municipal diesel vehicle fleets, such as waste haulers and school buses for:

- Exhaust controls
- Engine upgrades
- Cleaner fuel use
- Idle reduction technologies
- Engine repowers
- Vehicle or equipment replacement

Below are links to information for each of the programs:

- The Recovery Act Funding for the National Clean Diesel Funding Assistance Program (<http://www.epa.gov/otaq/eparecovery/prognational.htm>) will receive approximately \$156 million. This funding will be awarded on a competitive basis to support diesel emission reduction programs. The RFA for the Recovery Act Funding for the National Clean Diesel Funding Assistance Program is now available. The application is available here: <http://www.epa.gov/otaq/eparecovery/documents/recovery-act-national-clean-diesel-rfa.pdf> (PDF) (43 pp, 260K).

- The Recovery Act Funding for the National Clean Diesel Emerging Technology Program (<http://www.epa.gov/otaq/eparecovery/progmerge.htm>) will receive approximately \$20 million. This funding will support the use, development and commercialization of emerging technologies that reduce emissions from diesel engines. The RFA for the Recovery Act Funding for the National Clean Diesel Emerging Technology is now available. The application is available here: <http://www.epa.gov/otaq/eparecovery/documents/recovery-act-emerging-technology-rfa.pdf> (PDF) (30 pp, 200K).
- The Recovery Act Funding for the SmartWay Clean Diesel Finance Program (<http://www.epa.gov/otaq/eparecovery/progfinance.htm>) will receive approximately \$30 million. This funding will support the creation of national, state or local innovative clean diesel financing programs. The RFA for the Recovery Act Funding for the SmartWay Clean Diesel Finance Program is now available. The application is available here: <http://www.epa.gov/otaq/eparecovery/documents/recovery-act-smartway-finance-clean-diesel-rfa.pdf> (PDF) (41 pp, 230K).
- The Recovery Act Funding for the State Clean Diesel Grant Program (<http://www.epa.gov/otaq/eparecovery/progstate.htm>) will receive approximately \$88 million. This funding will be available to support clean diesel grant and loan programs administered by states and the District of Columbia.

#### ***Department of Energy Releases Energy, Environment & Block Grant Information***

On March 26<sup>th</sup>, 2009, the Department of Energy released information and allocation levels for the Energy Efficiency and Conservation Block Grant Program (EECBG). The EECBG was funded at \$3.2 billion in the ARRA and provides grants to states, local governments, and Indian tribes for the purposes of reducing total energy use and fossil fuel emissions, and improving energy efficiency nationwide. To see a list of entities eligible for formula grants and allocation amounts, please see their Web site: <http://www.eecbg.energy.gov/grantalloc.html>.

#### ***Department of Energy Announces \$2.4 Billion for Electric Vehicles***

On March 17<sup>th</sup>, President Obama announced the launch of two major programs that will drive the development of the next generation of electric vehicles in the United States and support the growth of domestic jobs. As part of the ARRA, the U.S. Department of Energy announced the release of two competitive solicitations for up to \$2 billion in federal funding for competitively awarded cost-shared agreements for manufacturing of advanced batteries and related drive components, as well as up to \$400 million for transportation electrification demonstration and deployment projects.

This funding has been divided between two new Funding Opportunity Announcements:

- Recovery Act - Transportation Electrification (DE-FOA-0000026)
- Recovery Act - Electric Drive Vehicle Battery and Component Manufacturing Initiative (DE-FOA-0000028)

### **3. Congresswoman Tauscher to be Nominated for Executive Branch**

In March, it was leaked that Congresswoman Tauscher (D-CA) is being vetted to become the State Department’s next undersecretary for arms control and nonproliferation. The Congresswoman acknowledged that she was in the process of being vetted for the role. While this process signals that she is on the verge of being nominated, the Congresswoman has yet to be officially nominated and

will continue to serve in Congress until she is confirmed by the Senate. California then has 120-days to hold a special election to fill her seat. The vetting and nomination process can often take several months. The Congresswoman continues to work and has given no indication that she will leave office before being confirmed.

Congresswoman Tauscher currently is the only Bay Area Member serving on the Transportation & Infrastructure Committee; her departure means that there will not be a Bay Area member of Congress on that committee as the next transportation bill is being debated. We are working with Congressional leadership to amend the situation.

#### **4. Highway Trust Fund Solvency Again an Issue**

House Transportation & Infrastructure Committee leaders Representatives Jim Oberstar (D-MN) and Peter DeFazio (D-OR) have sent a “Dear Colleague” letter to all House members, which alerts them to the dire consequences if Congress does not complete the surface transportation authorization bill on time. The current legislation, SAFETEA-LU, expires on September 30, 2009. The letter states that “recent revenue projections by the Congressional Budget Office show that the primary source of funding for highway and transit investment, the Highway Trust Fund, is facing a severe shortfall. Without taking steps to address this situation, the Trust Fund will only support a highway investment level of approximately \$20.5B in FY10, one-half of the amounts that we are investing this year. The federal transit program would also face a significant cut in FY10.” The Congressional Budget Office projects that the Highway Account will finish the fiscal year with \$300 million cash on hand. That would trigger an immediate cash crunch.

#### **5. Congress Begins FY 2010 Budget Process**

In March, the House and Senate began the process of developing and passing the FY 2010 budget resolution which will guide Congress this year in moving forward as it passes legislation such as the FY 2010 spending bills, the transportation bill, energy legislation, and climate change legislation.

Both the House and Senate are expected to consider their versions of the annual budget resolution for fiscal year 2010 on the chamber floors the first week of April, with both House and Senate committees acting on their versions the last week of March.

In the realm of transportation, there are several significant issues in each budget resolution; however, the Senate has not yet released some of the detailed numbers required to do a full analysis. Considering statements made during the Senate committee hearings, we can glean a lot based on what is available.

Neither the House nor the Senate resolutions accept the Obama Administration’s proposed scorekeeping change regarding highway/transit contract authority and obligation limitations. This is an important point, as it will help maintain the all important budgetary firewalls.

Both resolutions authorize a “deficit-neutral reserve fund” for the future surface transportation reauthorization bill, which allows Congress to pass an increase in transportation spending if the bill also contains appropriate tax increases to pay for the extra spending; however, the phrasing of the

House and Senate reserve fund clauses are significantly different. Specifically, the Senate resolution would prohibit a bill spending down the highway trust fund like SAFETEA-LU did; the House does not include such language. Both versions also contain clauses that prevent transfers from the general fund to the Highway Trust Fund from being used to pay for new Trust Fund spending in the reauthorization bill, or in any other legislation

## **6. DOT/HUD Taskforce Announced**

In March, The House Transportation, Housing & Urban Development Appropriations Subcommittee held a hearing in which Secretary of Transportation Ray LaHood and Housing and Urban Development Secretary Shaun Donovan testified in strong support of the creation of a new interagency task force to promote sustainable, livable communities – a priority issue for the Obama White House. The goal of the task force is to better coordinate housing and transportation initiatives, focusing on affordable housing near employment opportunities, better coordination of transportation and land use, and transit oriented development (TOD). As part of the effort, the DOT will encourage Metropolitan Planning Organizations (MPOs) to conduct integrated planning as part of their long range planning.

According to a DOT press release, the HUD/DOT task force will:

- Enhance integrated regional housing, transportation, and land use planning and investment. The task force will set a goal to have every major metropolitan area in the country conduct integrated housing, transportation, and land use planning and investment in the next four years. To facilitate integrated planning, HUD and DOT propose, through HUD’s proposed Sustainable Communities Initiative which it will administer in consultation with DOT, to make planning grants available to metropolitan areas, and create mechanisms to ensure those plans are carried through to localities. DOT will encourage MPOs to conduct this integrated planning as a part of their next long range transportation plan update and will provide technical assistance on scenario planning, a tool for assessing future growth alternatives that better coordinate land use and transportation planning.
- This effort will help metropolitan areas set a vision for growth and apply federal transportation, housing and other investments in an integrated approach to support that vision. HUD currently requires states, cities, and counties to prepare a five-year Consolidated Plan estimating housing status and needs. Concurrently, DOT requires States and metropolitan areas to develop long range Regional Transportation Plans (RTPs) and four-year Transportation Improvement Programs (TIP). Coordinating these federally mandated planning efforts, including planning cycles, processes and geographic coverage, will make more effective use of federal housing and transportation dollars.
- Redefine affordability and make it transparent. The task force will develop federal housing affordability measures that include housing, and transportation costs and other costs that affect location choices. Although transportation costs now approach or exceed housing costs for many working families, federal definitions of housing affordability do not recognize the strain of soaring transportation costs on homeowners and renters who live in areas in high priced cities.
- The task force will redefine affordability to reflect those interdependent costs. The task force will also continue to ensure that the costs of living in certain geographic areas are transparent– using

an online tool that calculates the combined housing and transportation costs families face when choosing a new home.

- Develop livability measures. The task force will research, evaluate and recommend measures that indicate the livability of communities, neighborhoods and metropolitan areas. These measures could be adopted in subsequent integrated planning efforts to benchmark existing conditions and identify progress toward achieving community visions. The task force will develop incentives to encourage communities to implement, use and publicize the measures.
- Harmonize HUD and DOT programs. HUD and DOT will work together to identify opportunities to better coordinate their programs and encourage location efficiency in housing and transportation choices. HUD and DOT will also share information and review processes to facilitate better-informed decisions and coordinate investments.
- Undertake joint research, data collection and outreach. HUD and DOT will engage in joint research, data collection, and outreach efforts with stakeholders, to develop information platforms and analytic tools to track housing and transportation options and expenditures, establish standardized and efficient performance measures, and identify best practices. An interagency working group, led by DOT, is currently developing performance metrics, research, and data needs to support an integrated regional planning framework. The working group was established in June 2008 to identify opportunities to better align federal programs and resources to reduce traffic congestion, increase transportation mobility, improve air quality and realize other related environmental benefits.

Also in March, Senator Dodd (D-CT), Chairman of the Senate Banking Committee held a housing and transit symposium which we participated in.

## **7. Government Accountability Office Issues Report on Security of Surface Transportation**

In March, the Government Accountability Office (GAO) issued a report requested by Congressman Thompson (D-MS), Chairman of the Committee on Homeland Security, on the security of the Nation’s highway infrastructure. The report made several interesting points:

- Like other surface transportation modes, the U.S. highway system is particularly vulnerable to potential terrorist attacks because of its inherent openness, making the system more of a challenge to secure.
- Failure to prepare for a terrorist attack against critical highway infrastructure could result in catastrophic loss of life and economic disruption estimated to be in the billions of dollars.
- Department of Homeland Security (DHS) components, including Transportation Security Agency (TSA), Infrastructure Protection (IP), and the Coast Guard have several programs underway to assess the vulnerability of highway infrastructure assets; however, the scope and purpose of these separate efforts vary considerably. Similarly, the results of these have not been adequately coordinated or shared.
- DHS and TSA have developed a strategy to guide highway infrastructure security efforts, the Highway Modal Annex, but the strategy was not fully informed by available risk assessments, and is therefore not an effective national strategy.



- TSA also lacks a mechanism to monitor implementation of voluntary security measures. Without this, TSA can have no way of determining the level of overall security preparedness for highway infrastructure assets deemed nationally critical.

Surface and rail transportation security are two issues that Secretary of Homeland Security Napolitano plans on strengthening over the next several years.

## **8. Bi-Partisan Transportation Policy Project Meeting**

On March 13<sup>th</sup>, Tom Bulger attended the Bi-Partisan Transportation Policy Project’s second to last, all-day meeting in Washington, D.C. The Policy Project is expected to recommend that the next transportation bill include a Metropolitan Mobility Program, a sustaining Core Assets (Fix-it-First) Program, a National Connectivity Program, an Essential Access Program and a Performance Based Formula Program.

## **9. Obama Nominates First Modal Administrator**

In March, Joseph C. Szabo, was nominated for Federal Railroad Administrator under the Department of Transportation. Mr. Szabo is currently the Illinois State Legislative Director for the United Transportation Union. As State Director, Mr. Szabo provided vision and direction to rail safety and regulatory issues and worked with business and civic leaders in the advancement of freight and passenger rail service. Mr. Szabo also serves on the Federal Railroad Administration's Rail Safety Advisory Committee, participating in the development of federal regulations on rail safety. Prior to this position, Mr. Szabo served as the Mayor of the Village of Riverdale, Illinois. Mr. Szabo was elected Mayor after serving ten years as a Village Trustee.